3.2.1 RESPONSIBILITY FOR UNIVERSITY FUNDS

1. Responsibility for University Funds

a. University Officers' Responsibility

Deans, department chairs, directors, principal investigators, and other University officials are responsible for the management of funds in their PTAs. See Guide Memo 1.2.1 [1]: University Organization. These individuals have the authority to expend these funds to accomplish their assigned responsibilities, and are responsible for assuring that expenditures charged to their PTAs are:

- Reasonable and necessary
- Consistent with established University policies and practices applicable to the work of the University, including instruction, research, and public service
- Consistent with sponsor or donor expenditure restrictions

For more information on cost policy, see Guide Memo 3.1. [2][4] [3]: Cost Policy.

b. Delegation of Authority

Authority to sign expenditure documents for the purchase of services and materials on a PTA may be delegated and the University official may authorize the person to whom authority is delegated to further delegate signature authority. The University official retains accountability for prudent control of the PTA. The University official may place limits on the dollar level and the types of expenditures for which signature authority is delegated. For more information on authorization procedures, review and error correction procedures, and expenditures of restricted funds, please see the Financial Authority [4] section of the Gateway to Financial Activities [5] website.

2. Authorization Procedures
a. Training

b. Delegation of Signature Authority

(1) University Officials
A letter from University officials indicating the organization for which they are responsible and the administrator to whom they have delegated the ability to manage authority must be on file with Financial Management Services.

(2) Delegation of Signature Authority
To delegate authority for both electronic and paper form transactions, the person responsible for the organization or PTA must delegate such authority via the Authority Manager.

c. Electronic Signature
Users of campus financial systems identify themselves to these systems using approved, secure authentication methods. See Guide Memo 6.4.1 [7]: Identification and Authentication Systems, for details on these methods. In addition to these system-independent authentication methods, financial systems may have system-specific authentication methods (e.g., a username and password for a particular system). Regardless of the authentication method, authentication using any of the approved methods is the electronic equivalent of an employee's hand-written signature and may be used as an "electronic signature" in electronic applications.

d. Signature Security
Only the person to whom authority is delegated may authorize a transaction either manually or electronically. Disciplinary steps will be taken against individuals who are found to have fraudulently signed the name of another person, used the authentication information of another person, or divulged their authentication information to another person. The possible disciplinary actions for violations, which can include termination of employment or student status, will depend on the facts and circumstances of each case. User responsibilities for handling authentication information are described in Guide Memo 6.4.1 [7]: Identification and Authentication Systems.

e. Limitations on Signature Authority

(1) Expense Reimbursement
No person may approve his or her own expense reimbursement, or the expense reimbursement of an individual to whom he or she reports either directly or indirectly. Expense reimbursements, which require two signatures, must have the signatures of the person incurring the expense and the person responsible for the management of the PTA or a properly delegated agent.

(2) Independent Review
Business expenses incurred by or on behalf of the President, the Provost, a direct report to the President or the Provost, or the senior financial officer of the academic units must be approved by an independent reviewer designated by the CFO. Expenses for ordinary supplies, customarily available for all employees in an office, should be approved by a local business official and need not be routed for independent review.

(3) Salaries
No person may sign any payroll/personnel form that affects his or her own salary, or payroll/personnel forms
that affect the salary of an individual to whom he or she reports either directly or indirectly.

(4) Conflict of Interest

No person may authorize payment to any individual or business where there is a conflict of interest. See Guide Memo 1.5.2 [8]: Staff Policy on Conflict of Commitment and Interest.

f. Revoking Signature Authority

The University official who delegated authority (or the person who currently holds that position) is responsible to ensure granted authority reflects the unit’s current needs. When a person with signature authority transfers to another department or leaves the University, his/her authority is automatically revoked. Changes for other operational reasons can be made at any time through the Authority Manager. For more information, see Quick Steps: Grant, Change, Revoke or Restore Financial Authority to Others [9] on the Gateway to Financial Activities [10] website.

3. Review and Error Correction

a. Departmental Review

The deans, department chairs, directors, principal investigators and other University officials to whom funds are allocated are responsible for reviewing their expense transactions and monthly expenditure/operating statements to assure that:

- Any expenditure is necessary and for University purposes.
- Charges are correct.
- Charges are allowable for the PTA.
- Charges are correctly coded as allowable or unallowable for inclusion in the University’s indirect cost rate calculations.
- Charges are allocable to the PTA (i.e., necessary to achieve objectives of the project).
- Any allocation of costs is reasonable and equitable.
- Charges are appropriately documented, and are recorded in a consistent manner within departmental accounts.

b. Evidence of Review

Review of transactions is evidenced by a manual or electronic signature in the appropriate field of the form.

c. Responsibility for Error Correction

The department is responsible for correction of errors. Time limits for error correction are outlined in Guide Memo 3.2.2 [11]: Cost Transfers, and the Research Policy Handbook 15.3 [12], Cost Sharing Policy. Occasionally errors are found after the regular time limits for correction. Regardless of when the error is found, the University officer whose PTA used the good or service must pay for it, either from the same or another appropriate PTA.

d. Central Office Review

To supplement (but not replace) the University official's basic review responsibility, Financial Management Services (including Procurement and the Controller's Office) and the Office of Sponsored Research review University selected expense transactions. If incorrect or improper charges are found, the reviewing office directs the person responsible for the expenditures to correct the error. If necessary, the reviewing office may
correct the department's error and will provide the department with a copy of the accounting entry.

4. Expenditures of Restricted Funds

a. Conformity to External Restrictions — Sponsored Research

Expenditures of restricted funds, such as organized research or gift funds, whether from federal or non-federal sources, must conform to any limitations or exclusions set forth in the agreement (e.g., grant or cooperative agreement). Expenditures of funds for federally sponsored projects are subject to the allowability, allocability, and reasonableness standards of the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200, Uniform Guidance), and the negotiated agreements between the University and the federal government. Please see the DoResearch website for more information: http://doresearch.stanford.edu/research-administration/major-topics/uniform-guidance-concepts-are-changing. Cost-sharing tasks are subject to the same standards as the sponsored project that they support.

b. Monthly Review of Charges

For sponsored projects and related cost-sharing tasks, the expenditure statements must be reviewed each month, as noted in Guide Memo 3.1.3: Expenditure Accounts (PTA). The review should include areas such as those covered by the Monthly Review Guidance and Monthly Reconciliation tools. The review is evidenced by a signature on the monthly expenditure statement. The review must be completed within two months of the end of the month of the statement (e.g., October expenditures must be reviewed no later than December 31). Principal Investigators may delegate monthly review of expenditures, but may not delegate the Quarterly Certification of Charges (see paragraph 4.c).

c. Quarterly Certification of Charges

The following certification of direct costs is preprinted on expenditure statements for sponsored projects and cost-sharing tasks each month:

"I have reviewed the three months of expenditures for this quarter. To the best of my knowledge, all expenditures are appropriate. Where required, corrections have been or will be made through the accounting system. I understand that to be considered timely all corrections must be made within two months of the last day of month being reviewed.

PRINCIPAL INVESTIGATOR’S
Signature___________________________Date_____________

PROJECT TASK MANAGER’S
Signature___________________________Date_____________

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Quarterly certification is the responsibility of the project Principal Investigator (or Co-PI). A PI may delegate the monthly review of statements for accuracy, but may not delegate certification of the appropriateness of the charges. This certification statement must be signed by the principal investigator and the project task manager. Only the last expenditure statement for the academic quarter must be signed by the principal investigator and Project Task Manager. The quarterly certification must be completed within two months of the end of the academic quarter being certified, as described in the Monthly Review and Quarterly PI Review Certification. This signature means that the principal investigator has reviewed all direct charges to the
project and that either the charges on the expenditure statement are reasonably accurate as shown, or that the appropriate individual in the department has initiated accounting entries to correct any differences. Review and correction of differences must be completed within the deadlines outlined on the DoResearch [17]site.

d. Record Retention
The certified expenditure statements must be retained in the department files for future review by government and University auditors in accordance with University record retention requirements for sponsored projects (see Guide Memo 3.1.5 [2]: Retention of Financial Records.

5. Expenditures of Gifts

a. Conformity to Donor Restrictions — Gifts
Gifts, which typically differ from sponsored projects in that they do not require a detailed scope of work, budget, or period of performance, may on occasion have restrictions on the use of funds (to ensure the use is consistent with the donor’s original, accepted, stipulations). If this is the case, the University must take care to allocate the funds to the academic area, group, department, faculty member or other University activity as stipulated. While the academic area or faculty member may have broad discretion over the specific expenditures of support, the donor may expect a report on the general uses of funds donated or even a report on line-item expenses. Donors do not typically recoup gift funds, but if a gift made for a restricted purpose has not, however, been spent according to the donor’s restrictions, a donor may have grounds to rescind and recoup the gifted funds.

b. Gifts to Stanford made by Faculty, Staff, Spouse or Family member
To ensure compliance with regulations governing charitable contributions and to avoid the appearance of conflict of interest, gifts made to Stanford by Stanford faculty, staff, spouse or family member:

- Should be placed in a unique account so that the source and use of the gifted funds can be clearly identified.
- May not be placed in accounts under the control of the donor (e.g. neither the donor, nor any individual reporting to the donor, may have signature authority over the account).
- May not be used to fund travel, purchases, or any other expense that could be construed by others to benefit the donor for purposes unrelated to his or her work for the University.
- May not be used to fund the salary of the donor.
6. Sources for More Information

Cognizant Office

Financial Management Services (including Procurement and the Controller’s Office) and the Research Financial Compliance and Services (RFCS) office are available to answer questions about expenditure authorization. For contact information, see the Gateway to Financial Activities [18] website or the DoResearch [19] website.


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